

Express Mail Label No. ER 162 135 411 US  
Attorney Docket No. 014-040001US

Appl. No. : 09/677,401 Confirmation No. : 3108  
Applicant: : K. Jon Kern et al. Art Unit : 3629  
Filed : 29 September 2000 Examiner : T.D. Nguyen  
TITLE : LOYALTY REWARD PROGRAM FOR REDUCING THE BALANCE OF A  
LOAN OBLIGATION  
Docket No. : 014-040001US  
Customer : 33486

---

Commissioner for Patents  
P.O. Box 1450  
Alexandria, VA 22313-1450

**DECLARATION OF INVENTORS UNDER 37 C.F.R. § 1.131**

Sir:

We, K. Jon Kern, Joseph Bird, and Brooke Hartman, being duly sworn, do hereby declare and state as follows based upon our personal knowledge:

1. I, K. Jon Kern, am currently a consultant to Nelnet, Inc. of Aurora, Colorado (hereinafter Nelnet) and have been since August of 2003. I was the President of UNIPAC Service Corporation (hereinafter UNIPAC) from 1978 to 2000, and was an Executive Director of UNIPAC from 2000 to August of 2003. UNIPAC is a predecessor of Nelnet and previously owned the above-referenced patent application. My current office address is 630 Plaza Drive, Suite 150, Highlands Ranch, Colorado 80129. While at UNIPAC, I invented, together with Joseph Bird and Brooke Hartman, the system and method that are described and claimed in the above-referenced patent application.

2. I, Joseph Bird, am currently the Director of Consumer Marketing at Nelnet, a position that I have held since 2002. From February of 1991 until 2002, I was the Vice President of Marketing at one of Nelnet's predecessors. My current office address is 3015 South Parker

Express Mail Label No. ER 162 135 41US  
Application No. 09/677,401  
Attorney Docket No. 014-040001US

Road, Suite 400, Aurora, Colorado 80014. I invented, together with Jon Kern and Brooke Hartman, the system and method that are described and claimed in the above-referenced patent application. I also have worked with Melissa Marks, who has executed a separate, accompanying declaration, from 1999 to present. In her role as a Product Manager, Melissa tracked our progress during the development of the system and method that are described and claimed in our above-referenced patent application, and she prepared related presentations and other documents, some of which are attached exhibits, as explained further below.

3. I, Brooke Hartman, am currently employed at MDC Holdings of Denver, Colorado. Until 2002, I worked for Nelnet and its predecessors (collectively, Nelnet). In particular, from 1995-1998, I was the Director of Business Development, and from 1998-2002, I was the Director of Marketing. While working at Nelnet, I invented, together with Jon Kern and Joseph Bird, the system and method that are described and claimed in the above-referenced patent application.

4. We are aware that Nelnet is in the business of servicing student loans, among other things. We are the inventors of the claims pending in the above-referenced patent application.

5. By this declaration, it is our intension to swear back of United States patent application publication no. US 2001/0054003 A1 (the '003 publication).

6. We are aware that the '003 publication has been cited against various claims pending in our above-referenced patent application. The '003 publication discloses United States patent application no. 09/834,478, which was filed on 13 April 2001 by Emily Chien et al. (the '478 application). The '003 publication indicates that the '478 application claims priority to three United States provisional applications. The earliest filed of these provisional applications is application no. 60/197,296, filed on 14 April 2000 (the '296 provisional application). As discussed further below, we conceived of, and reduced to practice, our invention disclosed and claimed in the above-referenced patent application prior to this 14 April 2000 priority date.

7. In support of our claim of conception and reduction to practice prior to 14 April 2000, we have attached hereto Exhibits 1-10. Each of these exhibits is explained further below.

Express Mail Label No. ER 162 135 41US  
Application No. 09/677,401  
Attorney Docket No. 014-040001US

8. Exhibit 1 is an article entitled "UNIPAC ties e-commerce to student loan rewards," which appeared in the November 1999 issue of *The Greentree Gazette* at p. 25. As clearly indicated in this article, Brooke Hartman (one of the named inventors) was interviewed by *The Greentree Gazette* for the article. As noted in the first paragraph of the article, Nelnet's predecessor was "the first student lending entity to link e-commerce transactions with student loan activity by offering credits for online purchases that can be used to reduce students' loan obligations." This quoted language refers to the invention that we are currently claiming in our above-referenced patent application. Prior to the interview that ultimately resulted in this article, we had reduced our claimed invention to practice. Paragraphs four and five of the article also make specific reference to our claimed system for allowing borrowers to reduce their loan balances using credits acquired by making purchases from selected merchants in a virtual shopping mall.

9. Exhibit 2 is a business plan originally prepared by Jon Kern (one of the named inventors). The first page of Exhibit 2 is a screen shot showing the document's properties, which clearly demonstrates that this document was created on 14 December 1999, a full four months prior to the earliest priority date for the cited '003 publication. The remaining eight pages of Exhibit 2 comprise a redacted version of the business plan. In particular, some of the financial information, which is irrelevant to establishing our conception and reduction to practice of our claimed invention, have been redacted on the attached copy of the business plan. This exhibit is a draft of the business plan, which shows edits that are being made to an earlier draft of the business plan. As noted in the paragraph under the heading "CONCEPT" on page 1 of the business plan, which is page 2 of Exhibit 2,

"The cornerstone of the business is providing a loyalty program for all members whereby utilization of the sites services will enable the member to earn points that can be redeemed to apply to their student loan and reduce the loan's balance.

Thus any purchases the student may do as a matter of course, like textbooks, can be done through the sites e-commerce engine that will result in the ability for the student to in essence apply a rebate from the purchase to their student loan balance. Users do not need to be students. Parents or friends may also establish

Express Mail Label No. ER 162 135 41US  
Application No. 09/677,401  
Attorney Docket No. 014-040001US

loyalty accounts, which can then be transferred or designated for the use of their children or friends student loan reductions.”

Again, this exhibit clearly supports our conception of the claimed invention prior to the earliest date noted in the ‘003 publication.

10. Further support for our conception and reduction to practice of our claimed invention is provided by at least the following additional portions of Exhibit 2: the second to last bullet point on page 2 of the business plan (i.e., page 3 of the exhibit) under the subheading “Campus Store”; the last bullet point on page 2 of the business plan under the subheading “ATM”; the first paragraph under the heading “COMPETITION” on page 6 of the business plan (i.e., page 7 of Exhibit 2); and the first paragraph under the heading “SUMMARY” on the last page of Exhibit 2.

11. Exhibit 3 is the next document that supports our conception and reduction to practice prior to the earliest date noted in the ‘003 publication. Exhibit 3 is an article that appeared in the February 2000 issue of *Smart Money*. In particular, under the heading “Heard On The Net” is an overview of our claimed invention, which was up and running before this information was published. The first four lines under that heading discuss our system and method for allowing the repayment of loan obligations using credits. The expected publication of this *Smart Money* article is referred to on page 5 of Exhibit 2 near the middle of the page. This information further corroborates our asserted conception and reduction to practice prior to 14 April 2000.

12. Exhibit 4 is a photocopy of page 36 from the March 2000 issue of *The Greentree Gazette*. In the second paragraph of column 1, under the heading “Sallie Mae, UNIPAC see books opening loan e-channels” is a discussion of our invention disclosed and claimed in the above-referenced patent application. In particular, this paragraph makes reference to the ability of customers to “earn credits toward the repayment of their student loans.”

13. Exhibit 5 is a printout of a portion of a spreadsheet. As shown on the first page of Exhibit 5, which is a screen shot showing the document properties, this spreadsheet was created on 2 March 2000. In order to protect customer confidentiality, we have redacted social security numbers and last names. This spreadsheet reports UniBucks that were earned in December of

Express Mail Label No. ER 162 135 41US  
Application No. 09/677,401  
Attorney Docket No. 014-040001US

1999. Clearly, our claimed system and method of allowing customers to earn loyalty points (i.e., UniBucks) was up and running at least as early as December of 1999.

14. Exhibit 6 comprises a number of screen shots (taken from our then existing website, which is a reduction to practice of our claimed invention) and supporting text used for a presentation. This collection of screen shots was assembled by Melissa Marks as further explained in her accompanying declaration (Exhibit 10 hereto). Ms. Marks created this document on 20 March 2000, as clearly shown on the first page of the exhibit. Since these screen shots were taken from our website as it existed as of 20 March 2000, these pages clearly demonstrate that we had not only conceived of our claimed invention, but had also reduced it to practice in the form of a fully-functional website as claimed in our above-referenced application.

15. Exhibit 7 is another document that supports the conclusion that we conceived of, and reduced to practice, our claimed invention prior to the earliest date noted in the '003 publication. The first page of Exhibit 7 is a screen shot showing the document properties. As clearly shown by this screen shot, this document was created on 23 March 2000. As further explained in the accompanying declaration of Melissa Marks (i.e., Exhibit 10), she was the author of this document. At least the following portions of this Exhibit 7 also support our conception and reduction to practice prior to the filing date of the '296 provisional application: The paragraph on page 1 of the document, which is page 2 of Exhibit 7, under the heading "@theU1 (Homepage)"; the paragraph on the same page under the heading "@theU2 (Campus Store)"; and the paragraph on the same page under the heading "@theU3 (ATM)."

16. Exhibit 8 is a photocopy of an article that appeared in the April 2000 issue of *Bloomberg Personal Finance*. This is the second article referred to on page 5 of the business plan, which is page 6 of attached Exhibit 2 (see the bullet point near the middle of page 5 of the Business Plan). Based upon a conversation we had with *Bloomberg* prior to April 2000, they reported the information that appears in the bottom right-hand portion on page 101 of the April 2000 issue of *Bloomberg*. Page 101 of the April 2000 issue of *Bloomberg* is reproduced as page 2 of Exhibit 8. On the right-hand side of the bottom half of page 101 (see page 2 of Exhibit 8), Gregory Taggart explains the basics of how our UniBucks program works. As explained in our above-referenced patent application, this is the program that is the subject of our claims that are

Express Mail Label No. ER 162 135 41US  
Application No. 09/677,401  
Attorney Docket No. 014-040001US

currently pending in our patent application. Joe Bird (one of the named inventors) is quoted in this brief article.

17. Attached Exhibit 9 is another document that we believe supports our asserted conception and reduction to practice of our claimed invention prior to the 14 April 2000 priority date noted on the '003 publication. As shown by the first page of Exhibit 9, which is a screen shot showing the document properties, the document was created on 10 April 2000 for a Board meeting planned for 18 April 2000. Among the portions of this document that support our assertion of conception and reduction to practice prior to 14 April 2000 are the following: II.A on page 2 of Exhibit 9; II.D. on page 3 of Exhibit 9; III.A.2. on page 4 of Exhibit 9; and IV.A.1. on page 4 of Exhibit 9. In particular, at the Board meeting for which these notes were prepared, screen shots of our then-existing reduction to practice of our claimed invention were presented (see, e.g., Exhibit 6 and section IV.A.1 on page 4 of Exhibit 9). Clearly, this document provides further support of our asserted conception and reduction to practice prior to 14 April 2000.

18. Exhibit 10 is a declaration of Melissa Marks, the author of Exhibits 6 and 7. Her declaration confirms the original creation dates of Exhibits 6 and 7.

19. The independent claims remaining in the application are claims 8, 47, 54, 65, and 71. The attached exhibits clearly support the conception and reduction to practice of the limitations in these claims as detailed in the follow paragraph nos. 20 to 24.

20. Claim 8:

Support for our asserted reduction to practice of limitation (A) ("establishing a site on a global computer network") may be found in at least the following exhibits: 1, 2, 3, 4, 6, 7, 8, and 9;

Support for our asserted reduction to practice of limitation (B) ("recognizing at least certain users of said site by requiring said certain users to provide initial registration information to become recognized users, and requiring a first one of said recognized users to provide additional registration information") may be found in at least the following exhibits: 5, 6, and 9;

Express Mail Label No. ER 162 135 41US

Application No. 09/677,401

Attorney Docket No. 014-040001US

Support for our asserted reduction to practice of limitation (C) ("directing said recognized users to predetermined merchants") may be found in at least the following exhibits: 1, 2, 3, 4, 6, 7, and 8;

Support for our asserted reduction to practice of limitation (D) ("enabling accumulation of loyalty points by said recognized users based upon purchases from said predetermined merchants") may be found in at least the following exhibits: 2, 5, 6, and 9;

Support for our asserted reduction to practice of limitation (E) ("monitoring said purchases by said recognized users from said predetermined merchants") may be found in at least the following exhibits: 2, 5, and 6;

Support for our asserted reduction to practice of limitation (F) ("tracking said accumulated loyalty points") may be found in at least the following exhibits: 2, 3, 5, and 6 ; and

Support for our asserted reduction to practice of limitation (G) ("permitting said first one of said recognized users to selectively repay the loan obligation based upon discretionary redemption of said accumulated loyalty points") may be found in at least the following exhibits: 1, 3, 4, 6, 7, 8, and 9.

21. Claim 47:

Support for our asserted reduction to practice of limitation (A) ("establishing a site on a global computer network") may be found in at least the following exhibits: 1, 2, 3, 4, 6, 7, 8, and 9;

Support for our asserted reduction to practice of limitation (B) ("recognizing at least certain users of said site by requiring said certain users to provide initial registration information, wherein said recognized users include a first recognized user and a second recognized user") may be found in at least the following exhibits: 5 and 6;

Express Mail Label No. ER 162 135 41US

Application No. 09/677,401

Attorney Docket No. 014-040001US

Support for our asserted reduction to practice of limitation (C) ("requiring said first recognized user to provide additional registration information") may be found in at least the following exhibit: 6;

Support for our asserted reduction to practice of limitation (D) ("directing said recognized users to predetermined merchants") may be found in at least the following exhibits: 1, 2, 3, 4, 6, 7, and 8;

Support for our asserted reduction to practice of limitation (E) ("enabling accumulation of loyalty points by said recognized users based upon purchases from said predetermined merchants") may be found in at least the following exhibits: 2, 5, and 6;

Support for our asserted reduction to practice of limitation (F) ("monitoring said purchases by said recognized users from said predetermined merchants") may be found in at least the following exhibits: 2, 5, and 6;

Support for our asserted reduction to practice of limitation (G) ("tracking said accumulated loyalty points") may be found in at least the following exhibits: 2, 3, 5, and 6; and

Support for our asserted reduction to practice of limitation (H) ("permitting selective application of said accumulated loyalty points to at least one loan of said first recognized user") may be found in at least the following exhibits: 1, 2, 3, 4, 6, 7, 8, and 9.

22. Claim 54:

Support for our asserted reduction to practice of limitation (A) ("establishing a site on a global computer network") may be found in at least the following exhibits: 1, 2, 3, 4, 6, 7, 8, and 9;

Support for our asserted reduction to practice of limitation (B) ("recognizing at least certain users of said site by requiring said certain users to provide initial registration information, wherein said recognized users



Express Mail Label No. ER 162 135 41US  
Application No. 09/677,401  
Attorney Docket No. 014-040001US

include a first recognized user and a second recognized user") may be found in at least the following exhibits: 5, 6, and 9;

Support for our asserted reduction to practice of limitation (C) ("requiring said first recognized user to provide additional registration information") may be found in at least the following exhibit: 6;

Support for our asserted reduction to practice of limitation (D) ("directing said recognized users to merchants") may be found in at least the following exhibits: 1, 2, 3, 4, 6, 7, and 8;

Support for our asserted reduction to practice of limitation (E) ("enabling accumulation of loyalty points by said recognized users based upon purchases from said merchants") may be found in at least the following exhibits: 2, 5, and 6;

Support for our asserted reduction to practice of limitation (F) ("monitoring said purchases by said recognized users from said merchants") may be found in at least the following exhibits: 2, 5, and 6;

Support for our asserted reduction to practice of limitation (G) ("tracking said accumulated loyalty points") may be found in at least the following exhibits: 2, 5, and 6;

Support for our asserted reduction to practice of limitation (H) ("displaying information about said accumulated loyalty points to said first recognized user") may be found in at least the following exhibits: 2 and 6; and

Support for our asserted reduction to practice of limitation (I) ("permitting said first recognized user to selectively redeem said accumulated loyalty points by applying said selectively redeemed loyalty points to an outstanding balance of a loan obligation of said first user to permit repayment of said loan obligation using said redeemed loyalty points")

Express Mail Label No. ER 162 135 41US

Application No. 09/677,401

Attorney Docket No. 014-040001US

may be found in at least the following exhibits: 1, 2, 3, 4, 6, 7, 8, and 9.

23. Claim 65:

Support for our asserted reduction to practice of limitation (A) ("establishing a site on a global computer network") may be found in at least the following exhibits: 1, 2, 3, 4, 6, 7, 8, and 9;

Support for our asserted reduction to practice of limitation (B) ("recognizing at least certain users of said site by requiring said certain users to provide initial registration information, wherein said recognized users include a first recognized user and a second recognized user") may be found in at least the following exhibits: 5, 6, and 9;

Support for our asserted reduction to practice of limitation (C) ("requiring said first recognized user to provide additional registration information") may be found in at least the following exhibit: 6;

Support for our asserted reduction to practice of limitation (D) ("directing said recognized users to predetermined merchants") may be found in at least the following exhibits: 1, 2, 3, 4, 6, 7, and 8;

Support for our asserted reduction to practice of limitation (E) ("enabling accumulation of loyalty points by said recognized users based upon purchases from said predetermined merchants") may be found in at least the following exhibits: 2, 5, and 6;

Support for our asserted reduction to practice of limitation (F) ("monitoring said purchases by said recognized users from said predetermined merchants") may be found in at least the following exhibits: 2, 5, and 6;

Support for our asserted reduction to practice of limitation (G) ("tracking said accumulated loyalty points") may be found in at least the following exhibits: 2, 5, and 6;

Express Mail Label No. ER 162 135 41US  
Application No. 09/677,401  
Attorney Docket No. 014-040001US

Support for our asserted reduction to practice of limitation (H) ("categorizing a first number of said accumulated loyalty points of said first recognized user with a first status of "pending," and categorizing a second number of said accumulated loyalty points of said first recognized user with a second status of "earned") may be found in at least the following exhibit: 6;

Support for our asserted reduction to practice of limitation (I) ("permitting said first recognized user to selectively redeem said accumulated loyalty points having said second status in a first redemption amount no greater than said second number of said accumulated loyalty points, wherein said first recognized user selectively redeems said accumulated loyalty points in one of the following two ways") may be found in at least the following exhibit: 6;

Support for our asserted reduction to practice of limitation (I)(1) ("by applying said selectively redeemed loyalty points to an outstanding balance of a loan obligation of said first recognized user to permit repayment of said loan obligation using said applied loyalty points") may be found in at least the following exhibits: 1, 2, 3, 4, 6, 7, 8, and 9;

Support for our asserted reduction to practice of limitation (I)(2) ("by transferring said selectively redeemed loyalty points to said second recognized user") may be found in at least the following exhibits: 2, 3, 6, and 8; and

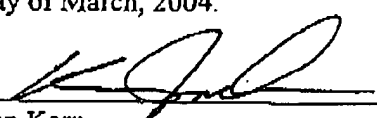
Support for our asserted reduction to practice of limitation (J) ("displaying loyalty points information to said first recognized user, wherein said displayed information includes said first number, said second number, and said first redemption amount") may be found in at least the following exhibit: 6.

Express Mail Label No. ER 162 135 41US  
Application No. 09/677,401  
Attorney Docket No. 014-040001US

#### Declaration

K. Jon Kern being hereby warned that willful false statements and the like so made are punishable by fine or imprisonment, or both, under Section 1001 of Title 18 of the United States Code, and that such willful false statements may jeopardize the validity of this application or any patent resulting therefrom, declares that all statements made of his own knowledge are true and all statements made on information and belief are believed to be true.

Signed at ~~Scottsdale~~ <sup>AZ</sup> Colorado on this 29<sup>th</sup> day of March, 2004.

  
K. Jon Kern

#### Declaration

Joseph Bird being hereby warned that willful false statements and the like so made are punishable by fine or imprisonment, or both, under Section 1001 of Title 18 of the United States Code, and that such willful false statements may jeopardize the validity of this application or any patent resulting therefrom, declares that all statements made of his own knowledge are true and all statements made on information and belief are believed to be true.

Signed at Aurora, Colorado on this 30<sup>th</sup> day of March, 2004.

  
Joseph Bird

#### Declaration

Brooke Hartman, being hereby warned that willful false statements and the like so made are punishable by fine or imprisonment, or both, under Section 1001 of Title 18 of the United States Code, and that such willful false statements may jeopardize the validity of this application or any patent resulting therefrom, declares that all statements made of his own knowledge are true and all statements made on information and belief are believed to be true.

Signed at Denver Colorado on this 29<sup>th</sup> day of March, 2004.

  
Brooke Hartman